

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF BRIAN AND ) APPEAL NO. 07-A-2399  
NICOLE BLACK from the decision of the Board of ) FINAL DECISION  
Equalization of Ada County for tax year 2007. ) AND ORDER

**RESIDENTIAL PROPERTY TAX APPEAL**

THIS MATTER came on for hearing October 24, 2007, in Boise, before Board Member Lyle R. Cobbs. Board Members Linda S. Pike and David E. Kinghorn participated in this decision. Attorney Chris H. Hansen appeared for Appellant. Chief Deputy Tim Tallman and Appraiser Tina Winchester appeared for Respondent Ada County. This appeal is taken from a decision of the Ada County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. R8081770660.

**The issue on appeal is the market value of a residential property.**

**The decision of the Ada County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$325,000, and the improvements' valuation is \$482,600, totaling \$807,600. Appellant requests the improvements' value be reduced to \$361,758 and the land value remain at \$325,000, for a total value of \$686,758.

The subject property is a 1.01 acre lot located on a local golf course in Meridian. The residence is 5,505 total square feet, comprised of a 2,777 square foot main floor and a 2,728 square foot finished basement. Subject was built in 2001 and occupied by Appellants since that time.

Appellants' issue concerned the value of subject's basement. The values placed on the lot and main floor of subject's residence were not disputed. Appellant noted subject was the only residence in the subdivision with a basement that was approximately the same size as the main

floor. As a result of subject's uniqueness, both parties conceded finding 2006 sales involving residences with similar qualities was difficult; and non-existent within the subdivision. As such, Appellants challenged subject's assessment by examining assessed values of other residences in the same golf course subdivision.

Appellant referenced three properties in subject's subdivision that were assessed \$158.33, \$169.81, and \$169.26 per square foot. Two of the properties involved two-story residences and the other was a single-level home. The three properties were approximately one acre in size; same as subject.

Appellant argued subject's basement should be valued at a rate approximately 50% less than the main floor. In support of this position, Appellant cited the FNMA Real Estate Appraisal Guidelines, which outlined in pertinent part that "above-grade" (main floor) living areas add more value than "below-grade" (basement) living areas, and should be valued separately. Appellant also referenced a prior Board decision titled, *Matter of the Appeal of Euzkalduank, Inc.*, Appeal No. 06-A-2916 (2006), where the Ada County Assessor assessed the basement level of a commercial property at approximately one-half the rate applied to the main floor.

Using the \$482,600 assessed value on subject's residence, Appellant calculated the residence was valued at an overall rate of \$87.66 per square foot. Applying the \$87.66 per square foot rate to the main floor resulted in a value of \$241,293.53. Appellant then applied a rate of \$43.45 per square foot (one-half the rate applied to the main floor) on subject's basement to arrive at a value of \$120,649. Added together, Appellant calculated the total improvement value should be \$361,942.53.

Also challenged was the grade assigned to subject's basement. Respondent testified the basement was graded the same as the main floor. Appellant argued subject's basement was

of lesser quality than the main floor and should be valued accordingly.

Respondent first argued reliance on the *Euzkalduank* decision was improper because the case involved a commercial property, whereas the appeal at bar concerned a residential property.

Respondent then addressed the value placed on subject's basement. It was explained a base cost of \$93,660 was assigned which reflected a cost estimate for the foundation, footings, and other such items. The "finished" basement was valued at \$68,247, which was combined with the base cost to arrive at the total basement value of \$161,907. Respondent noted this amount was approximately one-half of the \$320,693 value placed on subject's main floor.

Respondent provided five bare lot sales in subject's subdivision that occurred during 2005 with sales prices between \$240,000 and \$575,000. Also submitted were four 2006 improved sales in the subdivision ranging from \$730,000 to \$1,100,000, or between \$177.15 and \$226.16 per square foot. One sale involved a residence with a basement, though it was acknowledged the basement was significantly smaller than subject's.

Two sales from outside the subdivision were also presented. The sales involved properties with similar square footage and the same grade (quality) as subject. The residences had large basements similar to subject, however, the sales were not located nearby. Adjustments were made to account for differences in acreage, bathrooms, fireplaces, and garage space. Sale 1 showed an adjusted sale price of \$170.36 per square foot and Sale 2 indicated an adjusted sale price of \$175.69 per square foot. As subject was assessed \$146.70 per square foot, Respondent commented subject may have actually been assessed lower than full market value.

In closing, Respondent pointed out the assessments provided by Appellant demonstrated

subject was assessed lower than other properties in the subdivision. As such, Respondent reasoned subject's current assessment was fair and should be upheld.

### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho applies the market value standard to value property for the purposes of taxation.

Idaho Code § 63-201(10) defines market value as:

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

There are three primary methods of determining market value; the cost approach, income approach, and market data approach (comparison method). The market data approach arrives at value by examining open market sales of similar property. Merris v. Ada County, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

The market value approach was utilized by Respondent in this case to assess subject. As acknowledged by both parties, the difficulty in this case is the absence of truly comparable sale properties by which to value subject. As such, Appellant provided assessments of three properties located in subject's subdivision to arrive at subject's proposed value. Respondent presented four sales in the subdivision that occurred during 2006, however, none involved residences with basements as large as subject's. Accordingly, Respondent provided two sales

outside the subdivision to support subject's assessment. Adjustments were applied to make the properties as similar to subject as possible. Interesting however, is the fact that both Appellant's assessments and Respondent's sales (inside and outside subject's subdivision) revealed subject had the overall lowest value.

"The value of property for purposes of taxation as determined by the assessor is presumed to be correct; and the burden of proof is upon the taxpayer to show by [a preponderance of the evidence] that he is entitled to the relief claimed." Board of County Comm'rs of Ada County v. Sears, Roebuck & Co., 74 Idaho 39, 46-47, 256 P.2d 526, 530 (1953).

Because Respondent demonstrated subject's basement was valued at less than 50% of the main floor, Appellant's primary argument that below-grade space should be valued less than above-grade space, is effectively defeated.

The only question remaining is whether the grade assigned by Respondent to subject's basement was proper. Respondent testified the basement was given the same grade as the main floor. Appellant generally contended the basement was lesser quality than subject's main floor, but not much detail was provided. Respondent showed the basement was valued at approximately one-half of the value assigned to the main floor. Given such, it is not clear that even with more details regarding the condition of the basement, that further downward adjustment would be proper. Appellant has not demonstrated sufficient error in subject's assessment to overcome the burden of proof necessary to support the requested value reduction. Accordingly, the decision of the Ada County Board of Equalization is affirmed.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is,

affirmed.

**MAILED JANUARY 31, 2008**